

**CHARLENE E. WEHRING, CPA, PLLC**  
**P.O. BOX 26**  
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**979-865-5959 Fax 979-865-5955**

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**Checklist**

We have prepared the following checklist to help you be prepared for your tax interview when you arrive at our office. If all paperwork is completed when you bring your information to us it will save us both time and will save you money.

**STEP 1:** Read the enclosed letter dated December 18, 2018. Tax year 2018 brought significant tax law changes of which we need to ensure you are aware.

**STEP 2:** Sign and date the Engagement Letter

**STEP 3:** Sign and date the Consent for USE of Tax Return Information. If you are filing a joint tax return, both spouses must sign.

**STEP 4:** Sign and date the Consent for DISCLOSURE of Tax Return Information. If you are filing a joint tax return, both spouses must sign.

**STEP 5:** Complete, sign and date the 2018 Tax Year Client Questionnaire (Personal Tax Returns Only)

**STEP 6:** **If you have business use vehicles complete, sign and date the 2018 Vehicle Mileage report.\*\* IRS has the ability to estimate your mileage based on state inspection records.**

**STEP 7:** **If you have rental property,** complete the **Due Diligence Checklist for QBI Deduction - Real Estate Rental** attachment. Additionally, please note that taxpayers who own rental properties are now required to issue Forms 1099 to workers of which are paid \$600 or more. **This is new for 2018.** Please ensure that you read the attachment, Information Returns, Forms 1099 and 1098.

**STEP 8:** Review your 2017 Tax Return to ensure you have gathered all the information necessary to prepare your return.

**STEP 9:** Bring us or send us all of the above along with all important tax documents: W-2s, 1099s, 1098s, K-1s, closing statements related to real estate transactions, general ledgers and other documents you think we will need. Consultations with Charlene are available by appointment. A staff member is available without appointment to meet with you during office hours.

**We MUST have all documents signed and all important tax documents before we begin preparing your return.**

\*\*Mandatory for all clients claiming business use vehicles.

Keep in mind that all returns must be **electronically filed** and that **we must receive payment for our services prior to filing your return.**

**Charlene E. Wehring CPA, PLLC**  
**P.O. Box 26**  
**Bellville, TX 77418**  
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December 18, 2018

This year our letter is designed to give you the guidance needed for understanding how the big new tax law changes will personally affect you, to dispel some myths that are floating around, and to provide some basic ideas for tax planning. Please note that the information in this newsletter is credited to Bob Jennings, CPA of [www.taxespeaker.com](http://www.taxespeaker.com).

**\*\*\*We also want to make you aware that we anticipate an increase in our tax preparation rates of at least 30% to accommodate all the changes in the tax law for 2018 and beyond.**

### **2018 Tax Changes for Individuals**

Everyone seems to think that the new “postcard” return will make income tax preparation easier! Not true. The recurring theme in all of our continuing education classes this year has been the 30% increase in time we can expect to expend in order to properly complete your return. Here are some of the major changes that have occurred.

#### **Qualified Business Income (QBI) Deduction** **New Law, IRS Section 199A**

This new deduction is a game changer for small business. First and foremost, the 20% QBI deduction applies to trade or business income of taxpayers other than corporations. This new deduction applies to sole proprietorships, S Corporations, partnerships, trusts, etc. This deduction is calculated based on your individual tax return. In its simplest terms, the deduction is 20% of the lesser of qualified business income or taxable income. Please expect us to question you so that we may get you the best deduction in which you are entitled.

#### **Rental Property**

If you own rental property and you are actively involved in the day to day activities of managing the rental property, this activity would qualify for the 20% Qualified Business Income Deduction, as discussed above. Please be aware that if your rental activity is considered a trade or business, you **must issue Forms 1099** for all labor of \$600 or more or be subject to a penalty of up to \$270.00 per form. These forms must be completed by January 31, 2019. **This is a major change from previous years.**

#### **Meal & Entertainment Expenses**

Entertainment expenses are no longer deductible. Still deductible, although at 50%, are travel meals, company events, and meals provided to employees as a convenience to the employer.

#### **Federal Tax Withholdings**

The new Federal withholding tables were designed to lower your total tax bill for the year by giving you a bigger paycheck throughout the year. Unfortunately, they were not designed to give you a refund at year end. If you did not adjust your income tax withholding for 2018, your refund may be very small (if any) because you already received it in bits and pieces through larger paychecks throughout the year. One of our simple recommendations for 2019 is that all married individuals fill out a W-4 reflecting “single and zero” withholding.

## Itemized Deductions

The ability to itemize deductions has been dramatically decreased because the new law provides a much, much larger standard deduction. (You are allowed to deduct the greater of the two). However, we still need to accumulate the information on your medical, tax, mortgage interest, charity and other deductions in order to apply the new rules, and to complete your state tax returns.

A major change has occurred on home equity credit lines and 2<sup>nd</sup> mortgages, most of which are only deductible if used to improve your residence. In order to get your largest mortgage interest deduction, we will need to know much more information on these amounts than in the past, such as amounts borrowed and how the proceeds were used.

Employee work related business expenses are no longer deductible on the Federal return, but we may still need the information for your state return. If you incur a lot of these types of expenses, you need to discuss the use of an accountable reimbursement plan with your employer.

If you are retired, over age 70 ½, and have an IRA you **should** utilize the direct IRA to charity transfer tool when you make a charitable contribution. This simple trick can save you hundreds of dollars in income tax.

## Credits

Most home-related energy efficiency credits are now expired, but an incredible 30% Federal credit still exists for solar, wind and geothermal costs; and a \$7,500 Federal credit for buying a fully electric car still applies through the end of 2018.

## Health Savings Accounts

With over 50% of working Americans now covered by health savings insurance policies, it is of absolute importance that you start a health savings account, even with \$50, and discuss some excellent tax-savings ideas with us for these tax-beneficial plans. And yes, you were still required to maintain health insurance for every member of your family for 2018 or face a potential penalty.

## Depreciation

There have been major changes to the depreciation deduction. For example, the Section 179 deduction has increased to \$1 million and bonus depreciation rate has been increased to 100% for qualifying assets. There have been numerous changes made affecting the acquisition and disposition of assets.

Finally, in order to prepare your return this year **we are required** to obtain all of your W-2's, 1099's from retirement, interest, dividends and brokers, Forms 1095 for health insurance, bank Forms 1098 and any other official IRS documents.

## 2018 and Future Tax Planning Ideas

1. Every year we are told, "I pay too much in taxes" or, "I want some of the tax loopholes that rich people get." We can answer both statements with one answer. Rich people get no more tax deductions or "loopholes" than anyone else; they just take advantage of what is there to keep their taxes at a low legal level. The single greatest tax "loophole" that they use, which few average people use to its limit is the ability to defer nearly \$20,000 into a 401-K if your employer has one. If your employer has a 401-K and you are not putting the maximum deferral in it, there is no reason to even think about other tax planning ideas.
2. In the current tax era of greatly increased requirements to itemize deductions, a tax "bunching" strategy is absolutely mandatory. The "bunching strategy" recognizes that the best tax deductions are obtained by putting deductions in one year rather than spreading them amongst several years. For example, in years where your charitable contributions are very low, hold off until the next year to catch up, then also pay the full amount of the next year's contributions in the "catch up" year in order to double your chances of itemizing. Similarly, few

Americans receive medical deductions anymore, but if you incur a large expense—for example, the deductible on surgery—then try to do all of your other medical items in the same year, such as dental and vision exams, check-ups, etc.

3. Check into your employer's handbook to see what employer provided fringe benefits are available. Taxpayers are often surprised at the available benefits, or at our explanation of what some benefits really mean. We offer special "tax planning" sessions to go through the handbooks and your paycheck to see what is available and what your options may be, via appointment. One example includes utilization of a flexible spending account for medical and dependent care expenses.

We are happy to meet with you throughout the year for tax planning, retirement, and similar income tax related issues, and sincerely appreciate your continued business each year.

Thank you,

Charlene E. Wehring, CPA

# Charlene E. Wehring, CPA, PLLC

P. O. Box 26

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Office: 979-865-5959 Fax: 979-865-5955

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## ENGAGEMENT LETTER

We are pleased to confirm our understanding of the arrangements for your individual income tax return(s). This letter confirms the services you have asked our firm to perform and the terms under which we have agreed to do that work. ***Please read this letter carefully because it is important to both our firm and you that you understand what you can and cannot expect from our work.*** In other words, we want you to know the limitations of the services you have asked us to perform. If you are confused at all by this letter or believe we have misunderstood what you need, please call us before you sign it.

This engagement letter represents the entire agreement regarding the services described herein and supersedes all prior negotiations, proposals, representations or agreements, written or oral, regarding these services. It shall be binding on the heirs, successors and assigns of you and us. The Internal Revenue Service imposes penalties on taxpayers, and on us as return preparers, for failure to observe due care in reporting for income tax returns. In order to ensure an understanding of our mutual responsibilities, we ask all clients for whom we prepare tax returns to confirm the following arrangements.

- We will prepare the returns from information which you will furnish to us.
- It is your responsibility to provide all the information required for the preparation of complete and accurate returns.
- We will furnish you with any questionnaires and/or worksheets that you request to guide you in gathering the necessary information. Your use of such forms will assist us in keeping our fee to a minimum.
- To the extent we render any accounting and/or bookkeeping assistance, including (but not limited to) telephone calls, letters, emails and 3rd party consultations it will be limited to those tasks we deem necessary for preparation of the returns and will be billed at our standard billing rate, billed in ¼ hour increments.

### **Tax Preparer Responsibilities**

We will prepare your 2018, and only your 2018 Federal and Specific State(s) \_\_\_\_\_ Individual Income Tax Form 1040 and the related Federal and Specific State(s) individual Form 1040 income tax return schedules from information you furnish us. We will not audit, review, compile or otherwise verify the data you submit although we may ask you to clarify some of the information. Your fee will be based upon our fee per form schedule plus any hourly charges incurred, as discussed above. We are not responsible for returns prepared by other preparers. If you have taxable activity in a state other than that specifically listed, you are responsible for providing our firm with all information necessary to prepare any additional applicable state(s) or local income tax returns as well as informing us of the applicable states. We will prepare only those state returns specifically listed above.

We are responsible for preparing only the specific individual income tax forms for the specified reporting agencies listed in this letter. Any other required services, forms or other actions on our part require a separate engagement letter. In the absence of written communications from us documenting such services, our services will be limited to and governed by the terms of this engagement letter. Our services are not intended to determine whether you have filing requirements in taxing jurisdictions other than the one(s) of which you have requested above. Our firm is available under the terms of a separate engagement letter to provide a nexus study that will enable us to determine whether any other state tax filings are required.

## **Taxpayer Responsibilities**

Please note that any person or entity subject to the jurisdiction of the United States (includes individuals, corporations, partnerships, trusts, and estates) having a financial interest in, or signature or other authority over, bank accounts, securities, or other financial accounts having an aggregate value exceeding **\$10,000 in a foreign country**, shall report such a relationship. Although there are some limited exceptions, filing requirements also apply to taxpayers that have direct or indirect control over a foreign or domestic entity with foreign financial accounts, even if the taxpayer does not have foreign account(s). For example, a corporate-owned foreign account would require filings by the corporation and by the individual corporate officers with signature authority. Failure to disclose the required information to the U.S. Department of the Treasury may result in substantial civil and/or criminal penalties. Such disclosure includes filing Form 8938 with this Form 1040. If you do not provide our firm with information regarding any interest you may have in a **foreign account**, we will not be able to prepare any of the required Income Tax related forms, and penalties may be due, for which we have no responsibility. *In the absence of such information being provided we will presume you do not have any foreign assets or financial interests and will not file any applicable disclosure forms without separate written authorization.*

If you and/or your entity have a financial interest in any foreign accounts, you are also responsible for filing Form FinCen 114 required by the U.S. Department of the Treasury on or before April 15th of each tax year. US citizens are required to report worldwide income on their US tax return.

In addition, currently the Internal Revenue Service, under IRC §6038 and §6046, requires information reporting if:

- you are an officer, director or shareholder with respect to certain foreign corporations (Form 5471);
- foreign-owned U.S. corporation or foreign corporation engaged in a U.S. trade or business (Form 5472);
- U.S. transferor of property to a foreign corporation (Form 926) ); and,
- for taxable years beginning after March 18, 2010, if you hold foreign financial assets with an aggregate value exceeding \$50,000 (Form 8938)

Therefore, if you fall into one of the above categories you may be required to file one of the above listed forms. Failure to timely file may result in substantial monetary penalties. By your signature below, you accept responsibility for informing us if you believe that you fall into one of the above categories and you agree to provide us with the information necessary to prepare the appropriate form(s). We assume no liability for penalties associated with the failure to file or untimely filing of any of these forms.

*You acknowledge that you have reported all 2018 income you received including barter, crypto-currency, consumer-to-consumer activity, cash-based revenues and all other income whether received in-person, in-kind, or electronically.*

## **Other Items**

***Our fee does not include responding to inquires or examination by taxing authorities or third parties, for which you will be separately billed for time and expenses involved. However, we are available to represent you and our fees for such services are at our standard rates and would be covered under a separate engagement letter. You agree to immediately notify us upon the receipt of any correspondence from any agency covered by this letter.***

It is your responsibility to maintain, in your records, the documentation necessary to support the data used in preparing your tax returns, including but not limited to the auto, travel, entertainment, and related expenses and the required documents to support charitable contributions for three years from the filing date. If you have any questions as to the type of records required, please ask us for advice in that regard. It is also your responsibility to carefully examine and approve your completed tax returns before signing. We are not responsible for the disallowance of doubtful deductions or inadequately supported documentation, nor for resulting taxes, penalties and interest. We will rely, without further verification, upon information you provide to us from 3rd parties including, but not limited to K-1s, 1099s, 1098s, and receipts and similar items.

**We DO NOT automatically file tax extensions for clients-you must notify us in person, by phone, or in writing, email, or fax if you wish us to file an extension. The notification should include your estimate of any balance due with the extension. We must receive your information by March 15 in order to complete your return in a timely**

**manner and information received after that date may cause your return to be extended and completed after the April 15 due date.** Failure to file an extension may make you subject to various penalties and interest. Additionally, if your return is extended, it does not relieve you from paying any tax due on the due date or making quarterly estimated tax payments for the current year. Failure to pay any tax due with the extension or failure to pay quarterly estimated tax payments may make you subject to various penalties and interest.

If, for any reason, your return is extended, we will need to receive all of your tax information by Friday, **August 30, 2019** in order for your return to be completed before the extension deadline of **October 15, 2019**. If we do not receive all of your information by that time, an additional fee of **\$200** will be added to your invoice. This has become necessary due to an increasing number of returns coming in to the office with just a few days left in the filing season and the resulting overtime that preparing them entails. You may also be subject to late filing and/or late payment penalties by the taxing authorities.

If, during our work, we discover information that affects prior-year tax returns, we will make you aware of the facts. However, we cannot be responsible for identifying all items that may affect prior-year returns. If you become aware of such information during the year, please contact us to discuss the best resolution of the issue. We will be happy to prepare appropriate amended returns as a separate engagement.

Our work in connection with the preparation of your income tax returns does not include any procedures designed to discover defalcations and/or irregularities, should any exist. The returns will be prepared solely from information provided to us without verification by us.

The IRS permits you to authorize us to discuss, on a limited basis, aspects of your return for one year after the return's due date. Your consent to such a discussion is evidenced by checking a box on the return. Unless you tell us otherwise, we will check that box authorizing the IRS to discuss your return with us.

The mortgage deduction was changed as of January 1, 2018. Residential mortgages are only deductible if the mortgage is used to buy, build, or improve the property it is secured by. The total mortgage debt cannot exceed \$750,000 unless it is grandfathered at \$1,000,000 (as of 12/16/17) as long as the terms of the grandfathered debt have not changed. Equity loans are not deductible unless the mortgage funds are used to buy, build or improve your personal residence and does not exceed the allowable mortgage debt. To comply with these new rules, we need to know any amounts borrowed against your home in 2018, the date borrowed and the use of the funds. Without that information we are unable to deduct mortgage interest on new borrowings in 2018.

**When a self-employed taxpayer reduces taxable income there is also a reduction in earned income reported to the Social Security Administration, which could reduce current and future benefits for the taxpayer and his or her dependents. You acknowledge and agree to the current tax reduction, and also acknowledge and agree to the potential negative effects on future social security benefits for you, your spouse and any dependents.**

New privacy laws were established by the IRS effective January 1, 2009 and we are now prohibited from providing confidential information or copies to anyone other than you without your specific, written authorization. To comply with these new regulations, we provide all copies of all returns to you in a secure web portal as discussed below. In the interest of maintaining service quality and timeliness, we may use a 3rd party service provider to assist us in the use of technology to facilitate compliance with disclosure and storage of your tax information. We and the 3rd party provider have established written procedures and controls designed to protect client confidentiality and maintain data security.

If we are asked to disclose any privileged communication, unless we are required to disclose the communication by law, we will not provide such disclosure until you have had an opportunity to argue that the communication is privileged. You agree to pay any and all reasonable expenses that we incur, including legal fees, that are a result of attempts to protect any communication as privileged. In addition, your confidentiality privilege can be inadvertently waived if you discuss the contents of any privileged communication with a third party, such as a lending institution, a friend, or a business associate. We recommend that you contact us before releasing information to a third party.

**It is our policy to keep records related to this engagement for seven years, after which they are destroyed. However, we do not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. When records are returned to you, it is your responsibility to retain and protect your records for three years for possible future use, including potential examination by any government or**

**regulatory agencies.** By signing this engagement letter, you acknowledge and agree that upon the expiration of the 7-year period, we are free to destroy our records related to this engagement.

In the interest of facilitating our services to you, we utilize a secure web portal. Your use of this portal must comply with our standards of use, and as owners of the portal we retain the right to limit and deny use of the portal for inappropriate purposes. Your access to files maintained on the portal will be terminated no later than 30 days after the earlier of your or our termination of services under this agreement or April 15, unless we are notified in writing of your desire to extend your tax return. All confidential information sent to you or third parties (at your direction), as well as the portal will be password protected. While we will use our best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept that we have no control over the unauthorized interception of these communications once they have been sent and consent to our use of these devices during this engagement.

Payments for billings are due upon receipt and billings become delinquent if not paid within 30 days of the invoice date. If you are delinquent in payment your account may be subjected to collection actions and you will become additionally responsible for collection, legal, administrative, court and any other fees incurred by us in collecting your delinquent account. If billings are not paid within 60 days of the invoice date, at our election, we may stop all work at our discretion until your account is brought current, or we may withdraw from this engagement. You acknowledge and agree that we are not required to continue work in the event of your failure to pay on a timely basis for services rendered as required by this engagement letter. You further acknowledge and agree that in the event we stop work or withdraw from this engagement as a result of your failure to pay on a timely basis for services rendered as required by this engagement letter, we shall not be liable to you for any damages that occur as a result of our ceasing to render services. Our services will conclude upon delivery of the completed income tax returns discussed above or upon our suspension of services or resignation from the engagement.

In recognition of the relative risks and benefits of this agreement to both the client and the accounting firm, the client and the accounting firm have discussed and have agreed on the fair allocation of risk between them. As such, the client agrees, to the fullest extent permitted by law, to limit the liability of the accounting firm to the client for any and all claims, losses, costs, and damages of any nature whatsoever, so that the total aggregate liability of the accounting firm to the client shall not exceed the accounting firm's total fee for services rendered under this agreement. The client and the accounting firm intend and agree that this limitation apply to any and all liability or cause of action against the accounting firm, however alleged or arising, unless otherwise prohibited by law. Both parties agree that there is a one-year limitation period to bring a claim against us for errors and omissions. The one-year period will begin upon the date of the tax professional's signature on the tax returns covered by this engagement letter.

**From time to time various third parties may request that we sign, for you, some verification of income, employment or tax filing status. Because we were engaged only to prepare your income tax return, without examination, review, audit or verification the state board of accountancy prohibit us from signing any such document and any third-party request to do so is a violation of those rules prohibiting us, by law, from the issuance of an opinion without performing an audit. These returns are not intended to benefit or influence any third party, either to obtain credit or for any other purpose.**

We are required to obtain a copy of Form W-2 and 1095 before we are allowed to electronically file your return under the rules of IRS Circular 230.

Notwithstanding anything contained herein, both the accountant and client agree that regardless of where the client is domiciled and regardless of where this Agreement is physically signed, this Agreement shall have been deemed to have been entered into at the office of Charlene E. Wehring, CPA office located in Austin County, Bellville, Texas, USA, and Austin County, Texas, USA, shall be the exclusive jurisdiction for resolving disputes related to this Agreement. This Agreement shall be interpreted and governed in accordance with the Laws of Texas.

In connection with this engagement, we may communicate with you or others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or



special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

While we are, of course, available to provide you with tax and business planning services, it is our policy to put all advice upon which a client might rely into a written memorandum prior to you relying on such advice. We believe this is necessary to avoid confusion and to make clear the specific nature of our advice. You should not rely on any advice that has not been put into writing for you.

Certain communications involving tax advice are privileged and not subject to disclosure by the IRS. By disclosing the contents of those communications to anyone, or by turning over information about those communications to the government, you may be waiving this privilege. To protect this right to privileged communication, please consult with us prior to disclosing any information about our tax advice. Should you decide that it is appropriate for us to disclose any potentially privileged communication, you agree to provide us with written, advance authority to make that disclosure.

The return(s) may be selected for review by the taxing authorities. In the event of a notice of deficiency or audit, you may be requested to produce documents, records, or other evidence to substantiate the items of income and deduction shown on a tax return. In the event of a tax examination, we will be available, upon request, to represent you. However, such additional services are not included in the fees for the preparation of this tax return(s).

The law provides various penalties that may be imposed when taxpayers understate their tax liability. If you would like information on the amount or the circumstances of these penalties it is available at [www.irs.gov](http://www.irs.gov).

We have the right to withdraw from this engagement, at our discretion, if you don't provide us with any information we request in a timely manner, refuse to cooperate with our reasonable requests or misrepresent any facts. Our withdrawal will release us from any obligation to complete your return and will constitute completion of our engagement. You agree to compensate us for our time and out-of-pocket expenses through the date of our withdrawal.

We appreciate the opportunity to serve you. Please date and sign this letter to acknowledge your agreement with and acceptance of your responsibilities and the terms of this engagement. It is our policy to initiate services after we receive the executed engagement letter. If any provision of this agreement is declared invalid or unenforceable, no other provision of this agreement is affected, and all other provisions remain in full force and effect.

Very truly yours,

Charlene E. Wehring, CPA, PLLC

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_

# Deadlines

**Individual Returns** are due April 15, 2019. In order to meet this deadline, please provide us with all information needed to prepare your tax return no later than **March 15, 2019**.

**Estates and Trusts** calendar year returns are due April 15, 2019; fiscal year returns are due 3 ½ months after year-end. In order to meet this deadline, please provide us with all information needed to prepare your return no later than **March 15, 2019, or if you are fiscal year, one month before the deadline**.

**Partnerships and S Corporations** calendar year tax returns are due March 15, 2019; fiscal year returns are due 2 ½ months after year-end. In order to meet this deadline, please provide us with all information needed to prepare your tax return no later than **February 15, 2019, or if you are fiscal year, one month before the deadline**.

**C Corporations** calendar year tax returns are due April 15, 2019; fiscal year returns are due 3 ½ months after year-end. In order to meet this deadline, please provide us with all information needed to prepare your tax return no later than **March 15, 2019, or if you are fiscal year, one month before the deadline**.

**IF YOU FILE forms 1099 or forms W2 for employees**, the forms must be electronically filed by January 31, 2019. In order to meet this deadline, please provide us with the 1099 and/or W2 data as soon as possible, but no later than **January 24, 2019**.

	All Information is Needed by	For Completion By
Forms W-2	Thursday, January 24, 2019	Thursday, January 31, 2019
Forms 1099	Thursday, January 24, 2019	Thursday, January 31, 2019
Individuals	Friday, March 15, 2019	Monday, April 15, 2019
	Friday, August 30, 2019*	Tuesday, October 15, 2019
Partnerships & S Corporations	Friday, February 15, 2019	Friday, March 15, 2019
	Friday, July 26, 2019**	Monday, September 16, 2019
C Corporations	Friday, March 15, 2019	Monday, April 15, 2019
	Friday, July 26, 2019**	Tuesday, October 15, 2019
Estates and Trusts	Friday, March 15, 2019	Monday, April 15, 2019
	Friday, July 26, 2019**	Tuesday, October 1, 2019

\* To avoid a \$200 Rush Fee

\*\* To avoid a \$250 Rush Fee

# Charlene E. Wehring, CPA, PLLC

P. O. Box 26

Bellville, TX 77418

Office: 979-865-5959 Fax: 979-865-5955

## Consent for USE of Tax Return Information

Federal law requires this consent form be provided to you. Unless authorized by law, we cannot use your tax return information for purposes other than the preparation and filing of your tax return without your consent.

You are not required to complete this form to engage our tax return preparation services. If we obtain your signature on this form by conditioning our tax return preparation services on your consent, your consent will not be valid. Your consent is valid for the amount of time that you specify. If you do not specify the duration of your consent, your consent is valid for three years from the date of signature.

### Consent

I/We authorize Charlene E. Wehring, CPA, PLLC ("Preparer") to use all of my Tax Return Information, which includes but may not be limited to, all communications with Preparer and any information Preparer derives or generates from Tax Return Information in connection with my 2018 Tax Return(s) ("Tax Return Information") for the purpose of providing me with information pertaining to various financial services and products, which may include, but are not limited to, financial planning, investment advice and investment products (e.g., stocks, bonds, mutual funds, insurance and annuities).

I understand that Preparer is affiliated with H.D. Vest Investment Services<sup>sm</sup>, a registered broker-dealer, as an independent contractor solely for the purpose of offering financial products and services.

I understand that Preparer may use all of my Tax Return Information in connection with his/her affiliation with (a) H.D. Vest Investment Services<sup>sm</sup>; (b) H.D. Vest Advisory Services<sup>sm</sup>, a registered investment adviser; or (c) affiliates of those entities (collectively, "HD Vest"), all of which are headquartered at 6333 N. State Highway 161, Fourth Floor, Irving, Texas 75038. HD Vest does not offer, provide or supervise tax advice or tax preparation services, and any services provided by HD Vest will be pursuant to a written agreement directly with the relevant HD Vest entity.

I understand that Charlene E. Wehring, CPA, PLLC is not a registered broker-dealer or a registered investment adviser.

I acknowledge that if I make an investment through HD Vest that Preparer will receive a part of any management fees, commissions, or other fees paid on investments I make. I understand that I am under no obligation whatsoever to follow any recommendations made or to purchase any other products or services offered by or through Preparer.

I understand that the Tax Return Information may not be disclosed or used by Preparer for any purpose other than as permitted by this consent document.

Unless otherwise specified below, the duration of this consent is three years from the date of signature.

If I prefer a more limited duration, I will specify the duration of my consent here: I specify the duration of the above consent to be \_\_\_\_\_ years from the date of signature.

\_\_\_\_\_  
Taxpayer Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Spouse Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name(s)

If you believe your tax return information has been disclosed or used improperly in a manner unauthorized by law or without your permission, you may contact the Treasury Inspector General for Tax Administration (TIGTA) by telephone at 1-800-366-4484, or by email at [complaints@tigta.treas.gov](mailto:complaints@tigta.treas.gov).

#### **TAXPAYER ACKNOWLEDGEMENT**

By not signing above, I have not authorized Charlene E. Wehring, CPA, PLLC to use my tax return information for any purpose other than the preparation of my tax return(s) for year 2018.

I understand that this prevents Charlene E. Wehring, CPA, PLLC and Wehring Wealth Management from performing any business or financial planning services on my behalf.

# Charlene E. Wehring, CPA, PLLC

P. O. Box 26

Bellville, TX 77418

Office: 979-865-5959 Fax: 979-865-5955

## Consent for DISCLOSURE of Tax Return Information

Federal law requires this consent form be provided to you. Unless authorized by law, we cannot disclose your tax return information to third parties for purposes other than the preparation and filing of your tax return without your consent. If you consent to the disclosure of your tax return information, Federal law may not protect your tax return information from further use or distribution.

You are not required to complete this form to engage our tax preparation services. If we obtain your signature on this form by conditioning our services on your consent, your consent will not be valid. If you agree to the disclosure of your tax return information, your consent is valid for the amount of time that you specify. If you do not specify the duration of your consent, your consent is valid for three years from the date of signature.

### Consent

I/We authorize Charlene E. Wehring, CPA, PLLC ("Preparer") to disclose all of my Tax Return Information, which includes but may not be limited to, all communications with Preparer and any information Preparer derives or generates from Tax Return Information in connection with my 2018 Tax Return(s) ("Tax Return Information") to: (a) H.D. Vest Investment Services<sup>sm</sup>, a registered broker-dealer; (b) H.D. Vest Advisory Services<sup>sm</sup>, a registered investment adviser; and (c) affiliates of those entities (collectively, "HD Vest"), all of which are headquartered at 6333 N. State Highway 161, Fourth Floor, Irving, Texas 75038. I acknowledge that I may request a more limited disclosure of Tax Return Information.

I understand that Charlene E. Wehring, CPA, PLLC is not a registered broker-dealer or a registered investment adviser.

I understand that Preparer is affiliated with HD Vest as an independent contractor solely for the purpose of offering financial products and services. HD Vest does not offer, provide or supervise tax advice or tax preparation services, and any services provided by HD Vest will be pursuant to a written agreement directly with the relevant HD Vest entity.

I acknowledge that if I make an investment through HD Vest that Preparer will receive a part of any management fees, commissions, or other fees paid on investments I make. I understand that I am under no obligation whatsoever to follow any recommendations made or to purchase any other products or services offered by or through Preparer.

I understand that the Tax Return Information may not be disclosed or used by Preparer for any purpose other than as permitted by this consent document.

### Purposes

1. This consent allows Preparer to disclose my Tax Return Information to HD Vest for the purpose of providing me with information pertaining to various financial services and products, which may include, but are not limited to, financial planning, investment advice and investment products (e.g., stocks, bonds, mutual funds, insurance and annuities). Without limiting the foregoing, this consent allows Preparer to download my Tax Return Information into financial planning or other software or systems owned or operated by Preparer or HD Vest for the purpose of assessing my financial situation or providing me with potential investment recommendations, whether or not I open an account or purchase any products or services through HD Vest, and whether or not such recommendations are actually made.

2. HD Vest may capture, retain, and review my electronic communications with Preparer or other people affiliated with Charlene E. Wehring, CPA, PLLC. These communications may include email and attachments which contain Tax Return Information. HD Vest will protect the confidential nature of this information by disclosing it only in response to the lawful requests of United States federal or state agencies, or otherwise as required by law.

3. I understand that HD Vest and its authorized third party vendors will retain and store my Tax Return Information in hard copy and/or electronically as required by applicable regulations, or longer as determined in the sole discretion of HD Vest.

4. This consent also allows Preparer to disclose my name, mailing address, and/or email address to Reminder Media and FMG Suite for the purpose of bulk mailing and/or emailing of Charlene E. Wehring, CPA, PLLC and Wehring Wealth Management periodic personal and business correspondence.

Unless otherwise specified below, the duration of this consent is three years from the date of signature.

If I prefer a more limited duration, I will specify the duration of my consent here: I specify the duration of the above consent to be \_\_\_\_\_ years from the date of signature.

\_\_\_\_\_ Date \_\_\_\_\_  
Taxpayer Signature

\_\_\_\_\_ Date \_\_\_\_\_  
Spouse Signature

\_\_\_\_\_  
Printed Name(s)

If you believe your tax return information has been disclosed or used improperly in a manner unauthorized by law or without your permission, you may contact the Treasury Inspector General for Tax Administration (TIGTA) by telephone at 1-800-366-4484, or by email at [complaints@tigta.treas.gov](mailto:complaints@tigta.treas.gov).

## 2018 Tax Year Client Questionnaire

Charlene E. Wehring, CPA, PLLC

*If you answer "yes" to any of the following questions, please attach a separate sheet to explain your answer.*

### Personal Information

	YES	NO	N/A
Did your marital status change during the year?			
Did your address change from last year? If so, please provide new address. Please provide 1) names, 2) dates of birth, 3) relationships, 4) number of months residing at your home, 5) and copies of SSN cards for all people living in your home.			
Can you be claimed as a dependent by another taxpayer?			
Are either you or your spouse legally blind?			
Did you change any bank accounts that have been used to direct deposit (or direct debit) funds from (or to) the IRS or other taxing authority during the tax year?			
Your return will be filed electronically with the IRS. Do you want your copy of the tax return delivered to you electronically through a secure internet portal?			

### Dependent Information

	YES	NO	N/A
Were there any changes in dependents from the prior year?			
Do you have any children under age 19 or a full-time student under age 24 with unearned income in excess of \$1,050?			
Do you have dependents who must file a tax return?			
Did you provide over half the support for any other person(s) other than your dependent children during the year?			
Did you pay for child care while you worked or looked for work? If yes, please provide year end statement from child care provider.			
Did you pay any expenses related to the adoption of a child during the year?			
If you are divorced or separated with child(ren), do you have a divorce decree or other form of separation agreement which establishes custodial responsibilities? If yes, do you have legal custody of your child(ren)?			

### Estimated Payments

	YES	NO	N/A
Did you make any estimated tax payments for the 2018 tax year?			

If so, please complete the following and provide cancelled checks:

	Date Paid	Check Number	Amount Paid
Applied from 2017			
First Quarter (due 4/16/18)			
Second Quarter (due 6/15/18)			
Third Quarter (due 9/17/18)			
Fourth Quarter (due 1/15/19)			
Paid with Extension (4/15/19)			

**Purchases, Sales and Debt Information**

	YES	NO	N/A
Did you start a new business or purchase rental property during the year?			
Did you acquire a new or additional interest in a partnership or S corporation?			
Did you sell, exchange, or purchase any real estate during the year?			
Did you purchase or sell a principal residence during the year?			
Did you experience foreclosure or abandon a principal residence or real property during the year?			
Did you take out a home equity loan this year?			
Did you refinance a principal residence or second home this year?			
Did you sell an existing business, rental, or other property this year?			
Did you acquire or dispose of any stock during the year?			
Did you have any debts canceled or forgiven this year, such as home mortgage or student loans?			

**Income Information**

	YES	NO	N/A
Did you have any foreign income or pay any foreign taxes during the year directly or indirectly, such as investment accounts or partnerships?			
Did you receive any income from property sold prior to this year?			
Did you receive any unemployment benefits during the year?			
Did you receive any disability income during the year?			
Did you receive tip income <u>not</u> reported to your employer this year?			
Did any of your life insurance policies mature, or did you surrender any policies?			
Did you have any interests in partnerships, trusts, or S corporation for which you received a Schedule K-1? If so, PLEASE PROVIDE ALL PAGES OF THE SCHEDULE K-1 PACKET.			
Did you receive income from gambling? If so, you will need to provide a log of gambling losses, for the losses to be deductible. This log must contain the date of the gambling loss, the location of the gambling loss, and any other relevant information. Without this log, gambling losses are not deductible.			
Did you receive any awards, prizes, hobby income, gambling or lottery winnings?			
Do you expect a large fluctuation in income, deductions, or withholding next year?			
Did you receive or pay alimony or separate maintenance? If yes, please provide the amount paid/received. If paid, provide the name and SSN of the recipient.			

**Retirement Information**

	YES	NO	N/A
Are you an active participant in a pension or retirement plan?			
Did you receive any Social Security benefits during the year?			
Did you make any withdrawals from an IRA, Roth, Keogh, SIMPLE, SEP, 401(k), or other qualified retirement plan?			
Did you receive a lump-sum payment from a pension, profit sharing or 401(k) plan?			
If applicable, did you take all required minimum distributions in a timely manner?			
Did you make any contributions to an IRA, Roth, Keogh, SIMPLE, SEP, 401(k), or other qualified retirement plan? If yes, please describe.			





**Itemized Deduction Information**

	YES	NO	N/A
Did you pay out-of-pocket medical expenses (Co-pays, prescription drugs, etc.)? If yes, were any of your medical expenses reimbursed by a Flexible Spending, HSA, or similar account?			
Were any property taxes paid in 2018? If so, please provide receipt.			
Did you make any major purchases during the year (cars, boats, etc.)? If yes, please provide purchase documents.			
Was any mortgage interest paid in 2018? If so, please provide Form 1098.			
Were any new mortgage loans taken out or refinanced in 2018? If so, please provide the Form 1098, amount of the mortgage, a description of the mortgaged property and purpose, and the effective date of the mortgage.			
Do you have a home equity loan or home equity line of credit, or did you take out a home equity loan in 2018? If yes, please provide the Form 1098, amount of the home equity loan, the effective date of the mortgage, and the purpose of the proceeds. If yes, were were any loan proceeds used for purposes other than to buy, build, or improve the same home on which the mortgage is held?			

	YES	NO	N/A
Did you make any cash or noncash charitable contributions (clothes, furniture, etc.)? If yes, please provide evidence such as a receipt from donee organization, a canceled check, or record of payment, to substantiate all contributions made. For noncash contributions, you must establish the value of items donated. Please visit <a href="https://satruck.org/Home/DonationValueGuide">https://satruck.org/Home/DonationValueGuide</a> to assist you with this.			
Did you donate a vehicle or boat during the year? If yes, attach Form 1098-C or other written acknowledgement from donee organization.			
Did you have an expense account, allowance, or receive employer expense reimbursement during the year?			

**Foreign Account Information**

	YES	NO	N/A
Did you receive a distribution from, or were you a grantor or transferor for a foreign trust?			
Did you have a financial interest in or signature authority over a financial account such as a bank account, securities account, or brokerage account, located in a foreign country?			
Do you have any foreign financial accounts, foreign financial assets, or hold interest in a foreign entity?			
If you answered yes to any Foreign Account questions, please provide details.			

**Miscellaneous Information**

	YES	NO	N/A
Did you make gifts of more than \$15,000 to any individual?			
Did you engage in any bartering transactions?			
Did you retire or change jobs this year?			
Did you pay any individual as a household employee during the year?			

**YES NO N/A**

Did you make energy efficient improvements to your main home this year (geothermal, solar, or wind)?

Did you receive correspondence from the State or the Internal Revenue Service?

Did you receive an Identity Protection PIN from the Internal Revenue Service or have you been a victim of identity theft? If yes, attach the IRS letter.

Do you want to designate \$3 to the Presidential Election Campaign Fund? If you check yes, it will not change your tax or reduce your refund.

YES	NO	N/A

**I certify that this information is complete and correct to the best of my knowledge.**

**Signature and Date**

**Due Diligence Checklist for QBI Deduction-Real Estate Rental**

**\*\*\*PLEASE COMPLETE THIS CHECKLIST FOR EACH RENTAL REAL ESTATE ACTIVITY**

<b>Real Estate Professional Test 1</b>	<b>YES</b>	<b>NO</b>
1. Does taxpayer spend at least 50% of total annual work hours in a real estate trade or business?		
a. Does taxpayer have detailed time records to prove 50% test?		
b. Are the records substantiated (written) and currently maintained?		
2. Does the taxpayer spend at least 750 annual hours in the trade or business (not counting time as a W-2 employee unless >5% owner)		
3. Does the taxpayer spend at least 500 annual hours on this specific property (may include spouse's time)?		
a. Does taxpayer have detailed time records to prove the 500 hour test?		
b. Are the records substantiated (written) and currently maintained?		
<u>Summary:</u> if all above answers are "Yes" the taxpayer is a real estate professional and would generally be considered to meet the "regular, continuous, for-profit" rules to qualify for the QBI deduction		
<b>Regular, Continuous, For Profit Test 2</b>		
On a regular basis (at least bi-weekly) does the taxpayer consult with advisors, property managers or personally visit the property?		
Does this activity continue throughout the year?		
Does the taxpayer spend several hours regularly or bi-weekly dealing with the advisors, managers or personally with tenants, repair or maintenance companies or on-site issues?		
Does the taxpayer maintain written calendar time records to prove the regular, substantial, continuous activity?		

**Taxpayer Name:** \_\_\_\_\_

**Property Address:** \_\_\_\_\_

**2018 Vehicle Mileage**

	Vehicle #1 Year, Make, Model	Vehicle #2 Year, Make, Model								
Ending Odometer	_____	_____								
Beginning Odometer	_____	_____								
Total Miles Driven During the Year	_____	_____								
Total Business Miles Driven During the Year *	_____	_____								
Do You Have Written Evidence to Support Business Use **	<table border="1"> <tr> <td align="center">Yes</td> <td align="center">No</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </table>	Yes	No	<input type="checkbox"/>	<input type="checkbox"/>	<table border="1"> <tr> <td align="center">Yes</td> <td align="center">No</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </table>	Yes	No	<input type="checkbox"/>	<input type="checkbox"/>
Yes	No									
<input type="checkbox"/>	<input type="checkbox"/>									
Yes	No									
<input type="checkbox"/>	<input type="checkbox"/>									

\*Do not include commuting miles

\*\*If you do not have written evidence of business use (ie. mileage log) you may not deduct auto expenses. Do not round mileage.

<p><b>I certify that this information is complete and correct to the best of my knowledge.</b></p>
<p><b>Signature and Date</b></p>

CHARLENE E. WEHRING, CPA, PLLC  
P.O. BOX 26  
BELLVILLE, TX 77418  
979-865-5961 Fax 979-865-5955

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INFORMATION RETURNS

FORMS 1099 AND 1098

The IRS requires individuals engaged in a business, rental activity (**new for 2018**), or in farming to issue a Form 1099 to recipients (other than corporations) to whom they paid \$600 or more for services, labor or rent. Additionally, if any individual receives interest from a seller-financed mortgage in any amount, that individual is required to furnish the payer with a Form 1098. Forms 1099 for payments made during 2018 are to be furnished to recipients by February 1, 2019.

A copy of these Forms 1099 must also be filed with the Internal Revenue Service. The due date for filing these forms electronically with IRS is **January 31, 2019**.

Please review your 2018 tax information to see if you are required to file any Forms 1099. The penalty for "intentional disregard" of filing these information reports is the greater of **\$530 per payee**, or 10% of the amount reported on the forms.

In order to facilitate timely and accurate reporting, we suggest you print Form W-9, located at <https://www.irs.gov/pub/irs-pdf/fw9.pdf>, which you can distribute to those whom you paid \$600 or more. This form requests the payee's reporting information – name, address and Federal ID Number. You may forward the completed Forms W-9 to us, along with the amounts you paid to each person or entity. We will prepare and issue these forms for you.

**This information needs to be provided to us as early as possible, but no later than January 24, 2019. Please be advised that we cannot deduct such payments if Forms 1099 were not filed with the IRS and provided to the payee.**

If you have any questions, please contact Becky, Brandi, Kristie, or Wanda.

Charlene E. Wehring, CPA

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## INFORMATION FOR TAXPAYERS WITH FARMS

In general, you may deduct ordinary and necessary expenses for conducting a trade or business or for the production of income. However, if your activity is generating consistent losses, you need to be aware of the so-called “hobby loss rules.”

You can only deduct losses when an activity is “engaged in for profit,” as defined by the tax law. Since it is rare to begin a business with the intent of generating a loss, the tax law assumes that your business is engaged in for profit if you realize a profit in three out of five consecutive years (two out of seven consecutive years for horse activities). This means that if your farm or business does not generate a profit at least every few years, the IRS is likely to take a close look at your tax returns.

Farms and horse activities are particularly susceptible to IRS scrutiny in relation to this section of the tax law. Hobby loss audits are time consuming, intense, and intrusive. Further, should the IRS find that your activity falls under this law the results can be financially devastating.

If your farm or business has not reported a profit in the last two years (four years for horse activities) and you expect to report a loss again on your 2018 return, please contact us at your earliest convenience so that we may schedule a consultation to analyze your unique situation and advise you regarding actions to take to help protect you against this tax trap.

If you have any questions or we can assist you please contact us.

Charlene E. Wehring, CPA

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**INFORMATION FOR TAXPAYERS WITH TRAVEL AND MEAL EXPENSES**

If you plan to deduct travel, gift, or transportation expenses, you are required to maintain written records to substantiate the expense. In fact, the tax law does not allow you to deduct these expenses unless you maintain adequate written evidence to support your deductions.

Receipts, cancelled checks, or credit card statements alone are not sufficient to prove your deduction for travel, gift, or transportation expenses. In addition to these records, you must also maintain records to allow us to determine your correct deduction for these items, and ultimately be able to prove the expenses to the IRS.

Adequate written evidence of these expenditures is generally accomplished by utilizing a log book, calendar, or notebook, and making the required entries at the time of the expenditure. The type of information you need to include in your written records varies based upon the type of expense and is summarized below.

- **Travel Expenses:**

To deduct travel expenses, you must maintain written records to include the following information:

- **Cost:** You should maintain receipts to verify the cost of each separate expense for travel, lodging, and meals.
- **Dates:** Your log should include the dates you left and returned for each trip and number of days spent on business.
- **Place or Description:** Your log should include your business destination (name of city, town, or other destination).
- **Business Purpose:** Include the business purpose for the expense or the business benefit gained or expected to be gained.

- **Meal Expenses:**

For decades, businesses have been able to deduct 50% of the cost of entertainment directly related to or associated with the active conduct of a business. For example, if you take a client to a nightclub after a business meeting, you could deduct 50% of the cost if strict substantiation requirements were met. **But under new law, for amounts paid or incurred after Dec. 31, 2017, there's no deduction for such expenses.**

To deduct meal expenses on your 2018 tax return, you must maintain written records to include the following:

- **Cost:** You should maintain receipts to verify the cost of each separate meal expense.
- **Date:** You should maintain a log to include the date of each meal.  
**Business Purpose:** Your records must state the business purpose of all meal expenses. Still deductible, although at 50%, are travel meals, company events, and meals provided to employees as a convenience to the employer.



- **Gift Expenses:**

You must maintain written records to include the following information:

- **Cost:** You should maintain receipts to verify your cost for each gift.
- **Date:** You should maintain records to include the date of the gift.
- **Description:** A description of the gift should be included in your written records.
- **Business Purpose:** The business purpose for each gift or the business benefit gained or expected to be gained must be included in your written records.
- **Business Relationship:** Your written records should include the name of each individual recipient of each gift, as well as that person's occupation or other information (such as title or other designation) that shows the recipient's business relationship to you.

- **Vehicle Expenses:**

You must maintain written evidence to include the following information:

- **Cost:** You must maintain receipts to verify the cost of each separate expense, including the cost of the car and any improvements.
- **Date:** Your written records should include the date of each individual business use of the vehicle.
- **Description:** Your written records should include the date you started using the vehicle for business, the mileage for each business trip, and the total miles for the year. You should document your point of departure as well as all business and personal stops along your route.
- **Business Purpose:** You must document the business purpose for each business trip along your route.

The law does not allow the use of estimates when deducting travel, gift, or transportation expenses. Further, the law does not allow you to take a deduction for travel, gift, or vehicle expenses unless you maintain adequate written records. Therefore, in order to ensure that you can deduct all of the expenses to which you are entitled, it is imperative that you maintain records as described above at the time that each expense is incurred.

If you have any questions or we can assist you please contact us.

Charlene E. Wehring, CPA